Tooned into EUROPE

The European animation sector is buzzing with activity amid new content quotas on global SVODs and broadcasters’ continued commitment to telling locally resonant stories. By Mansha Daswani

With HBO Max arriving in Europe this year and Disney+ aggressively looking to grow its reach in the region, all eyes will be on how these platforms, and others, comply with new content quotas that went into effect for the global SVODs this year. This new mandate will “favor the animation sector,” Marc du Pontavice, CEO of Xilam Animation (which is making Chip ‘n’ Dale for Disney+), told delegates at the TV Kids Festival this winter. “Animation is the ideal content that can serve the global needs of a platform. The industry in France is so strong. I think we are ideally placed to take advantage of that investment.”

Indeed, du Pontavice expects the French animation business to grow by 50 percent over the next three to five years.

FRENCH FLAIR

Of course, it’s not just streamers investing in high-quality French animation. A healthy broadcast commissioning landscape has created a treasure trove of local commissions and co-pros that are selling well worldwide. Indeed, the most recent figures from the CNC saw French animation exports up 12.1 percent to €77.4 million (94 million) in 2019. “It is a highly competitive market, but French studios create strong original content with good storytelling and amazing animation,” observes Michelle Palant, international sales manager at France tv distribution. “With the help of kid-focused channels such as France 4 and Gulli (and all the other commissioners), many shows are being produced and the market remains dynamic.”

Palant reports that educational content, such as the company’s own A Day, A Fact, has been a key driver over the last year, a trend also observed by Emmanuèle Pétry Sirvin, a partner at
Dandeloo’s *Stinky Dog*, a France Télévisions commission, has sold across Europe.

Dandeloo. “With the mosaic of ‘smaller’ VOD platforms, [there has been demand] in particular for edutainment programs that bring messages to children and entice parents to forge smarter screen time, thus allowing for more social-emotional learning, science, ecology, reading, cooking, kindness—a virtuous circle really,” she notes.

Arne Lohmann, VP ZDF Enterprises, says that demand for animation from across Europe “has always been good, as the quality usually is outstanding. Animation also travels easier than live action, as even if the original language is not English, dubbing is not an issue. A lot of animation produced in Europe has global appeal and can work anywhere. However, we have seen an increase over the past years as more and more U.S. and global partners are looking for more regional and local content for their European markets, as well as international content for their home markets.”

The U.K. also remains a key provider of high-quality animated series to the global market. At Aardman, Alison Taylor, director of
distribution and business development, has witnessed “a much greater focus on platforms and channels wanting to license existing brands in the past 12 months, with a need for content that is available immediately as opposed to investing at such an early stage with new IP in the way of presales. Thankfully, there is now a renewed interest in presales on new IP, with many partners looking forward to series delivering in 2023.”

THE MONEY PUZZLE
Taylor references the “big shift” in recent years “from a more traditional commissioning and financing structure with broadcasters to fully financed opportunities from the streaming platforms. It’s no secret that kids are watching more content online than ever before. This has meant that the public and commercial broadcasters have had to make big changes to their rights strategy, requiring more and more FVOD rights and, in some cases, longer holdbacks against the SVOD platforms, without always increasing their investment to reflect these additional rights. This can cause gaps in the finance plan, as multiplatform deals are often needed to fully finance productions, either by way of presales or at least as forecasted future income. Nevertheless, with commissioners being aware of the challenges concerning rights and financing, and the need to compete against the SVOD platforms, it does seem to have opened up more opportunities to enter into co-productions to help finance shows this way.”
Aardman’s *Lloyd of the Flies* benefited from the BFI’s Young Audiences Content Fund.

Co-productions are more critical than ever, says Terry Kalagian, executive VP of creative content at Gaumont U.S. “It’s not easy finding the right combination of partners where everyone loves the core IP and agrees on the direction of the vision, but when you do, great creative can spring.”

Two- and three-way co-pros have been crucial to European animation projects for decades, Dandeloo’s Pétry Sirvin observes. “It’s still necessary and remains a challenge for the series that are commissioned by local broadcasters, as they only finance 25 percent to 30 percent of a project.”

Government-backed subsidies and tax incentives also remain crucial to the animation sectors in several European markets. “Depending on the country you are looking at in Europe, this can be a vital aspect of financing—without which some projects might never be realized,” says Lohmann at ZDF Enterprises.

Kalogian agrees, adding, “As mergers, channel closures and Covid-19 disrupted the market, being able to access tax credits and producer tax envelopes has been exceedingly helpful in
keeping our qualified productions going without any shutdowns. The French government has been incredibly supportive of the animation industry."

Government assistance is increasingly important for the animation sector in the U.K., Aardman’s Taylor notes, now that Brexit has cut off access to the valuable Creative Europe MEDIA program. “The creation of the BFI Young Audiences Content Fund was a welcome initiative and fresh opportunity for animation studios in the U.K.,” she says.

Distributors have also become much more creative in their windowing strategies as broadcasters seek more digital rights while the global streamers generally want all rights. “When there is a global prebuy, often the nonlinear rights are blocked and that limits the sales in many countries such as the Nordics, where it became essential for broadcasters to get rights for their digital platforms,” says France tv distribution’s Palant. “But when there is no such global prebuy, we try to adjust so that everyone gets the rights they need for a proper broadcast, whether linear or digital.”

Petry Sirvin says the strategy at Dandeloo “is to keep the linear holdbacks against digital as short as possible. For the moment, we are still benefiting from the tail end of an era in which the buyers accept non-exclusivity to obtain a great series. So, our goal is to have our shows in as many countries as possible, to be watched by as many eyeballs as possible to become a new brand.”